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Message Text

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ACTION NEA-11

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 NSAE-00
NSCE-00 SSO-00 ICAE-00 INRE-00 COM-02 EB-08
INR-10 LAB-04 SIL-01 PM-05 H-01 L-03 PA-01 SP-02
SS-15 OMB-01 TRSE-00 SSM-03 AID-05 /085 W
----------068160 110814Z /15
O R 101537Z MAY 78
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC IMMEDIATE 3054
INFO AMEMBASSY AMMAN
AMEMBASSY CAIRO
AMEMBASSY BONN
AMEMBASSY DAMASCUS
AMEMBASSY THE HAGUE
AMEMBASSY JIDDA
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY TEHRAN
AMEMBASSY BEIRUT
AMCONSUL JERUSALEM
USMISSION USUN
USMISSION SINAI
CINCEUR

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E.O. 11652: N/A
TAGS: ELAB, PINS, IS
SUBJECT: THE LABOR-POLITICAL SCENE ON THE EVE OF INDEPENDENCE DAY

1. DESPITE EARLIER PREDICTIONS OF MAJOR LABOR TROUBLES LIKELY TO START UP AGAIN AFTER PASSOVER, THE CURRENT ISRAELI LABOR SCENE REMAINS REMARKABLY TRANQUIL. MESHEL HAS LEFT FOR A TWO WEEK TRIP TO EUROPE TO ATTEND TRADE UNION MEETINGS IN HOLLAND AND GERMANY AND FURTHER DISCUSSIONS
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WITH FINANCE MINISTER EHRLICH AND THE EMPLOYERS OF ANTI-INFLATIONARY MEASURES HAVE BEEN POSTPONED. THE THREATENING TEACHER'S STRIKE IS LIKELY TO BE CALLED OFF IN RETURN FOR AN ADVANCE PAYMENT OF 75 PERCENT OF ONE MONTH'S SALARY TO BE REPAYED FROM THE FINAL WAGE AGREEMENT WHICH REMAINS TO BE NEGOTIATED. CIVIL SERVANTS AND TECHNICIANS ALSO APPEAR TO BE HESITANT TO RENEW THEIR STRIKE THREATS.

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2. THUS THE PREVAILING VIEW IS THAT EHRLICH AND MESHEL MAY WELL HAVE SUCCEEDED IN AVOIDING A MAJOR, DISRUPTIVE LABOR CONFLICT IN THE PUBLIC SECTOR BY SKILLFULLY BUYING-OFF CERTAIN TROUBLESOME GROUPS AND POSTPONING HARD DECI-SIONS ON OTHERS, THUS FORESTALLING A SIMULTANEOUS ERUPTION OF STRIKES IN VITAL PUBLIC SERVICE SECTORS.

3. BOTH MEN FELT THAT AS A RESULT OF THEIR ARRANGEMENTS THEIR POLITICAL STATUS HAS BEEN CONSIDERABLY ENHANCED. THERE HAS BEEN GROWING PRESS AS WELL AS PRIVATE SPECULA-TION THAT EHRLICH, WHO IS ENGAGED IN A STRUGGLE WITHIN HIS OWN LIBERAL PARTY FOR THE PARTY CHAIRMANSHIP MAY HAVE AMBI-TIONS TO BECOME BEGIN'S SUCCESSOR. EHRLICH DENIES THIS. HE SAYS TO CONFIDANTS THAT HE IS LOOKING TOWARD A POST-BEGIN COALITION HEADED BY WEIZMAN, BUT SO LONG AS BEGIN IS PRIME MINISTER, HE WILL BE TOTALLY LOYAL.) EVEN LABOR PARTY LEADERS ARE SPECULATING ABOUT THE POSSIBILITY OF AN EVENTUAL LIBERAL-LABOR COALITION.

4. HOWEVER, THE EHRLICH-MESHEL DEAL ON WAGES AND INCOME POLICY HAS EVOKED CONSIDERABLY CRITICISM AND DIVISIONS WITHIN THE LIKUD CAMP. EHRLICH IN PARTICULAR HAS BEEN ATTACKED BY HIS OWN FELLOW LIBERALS AND THE BUSINESS COMMUNITY FOR HAVING SOLD OUT THE PARTY'S PRINCIPLES AND FOR HAVING COME TO TERMS WITH THE HISTADRUT. THE CRITICS,
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WITH DEPUTY FINANCE MINISTER FLUMIN IN THE FOREFRONT, ALSO ACCUSE EHRLICH OF HAVING IGNORED THE DANGERS OF IN-FLATION WHICH HIS AGREEMENT TO A 15 PERCENT WAGE INCREASE IN THE PUBLIC SECTOR ENTAILS. HERUT TOO IS SHARPLY DI-VIDED ON THE AGREEMENT. THUS MINISTER OF IMMIGRATION-ABSORPTION DAVID LEVY IS SUPPORTIVE OF THE WAGE AGREE-MENT, WHERAS DEPUTY MINISTER ARIDOR AND PROBABLY A MA-JORITY IN HERUT ARE SHARPLY OPPOSED. NOT ONLY DO THEY FEEL THAT THE CONCESSIONS MADE TO THE WORKERS ARE INADEQUATE BUT THEY ALSO CLAIM THAT THE LIKUD GOVERNMENT HAD A MAN-DATE TO DISMANTLE THE HISTADRUT, WHICH WILL NOW BECOME VIRTUALLY IMPOSSIBLE AS A RESULT OF THE WAGE-PRICE AGREE-MENT. THIS GROUP FEELS THAT EHRLICH HAS TAKEN OVER ALL THE RESPONSIBILITY FOR SOCIAL AND ECONOMIC POLICY, AND THAT BEGIN IS UNABLE AND UNWILLING TO OFFER HERUT MORE LEVER-AGE IN THESE AREAS. THEY SEE THIS NOT ONLY IN THE FAILURE TO MAKE ARIDOR MINISTER OF LABOR AND SOCIAL AFFAIRS AND TO PASS ANTI-HISTADRUT LEGISLATION, BUT ALSO IN BEGIN'S INABILITY TO HAVE HIS CANDIDATE SELECTED AS PRESIDENT OF ISRAEL OR AS TREASURER OF THE JEWISH AGENCY.

5. ACCORDING TO HERUT SOURCES, THESE ISSUES WHICH HAVE

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BECOME AS IMPORTANT AS FOREIGN POLICY IN PARTY DEBATES HAVE
BECOME A FOCUS OF DISAGREEMENT IN THE CURRENT LEADERSHIP STRUGGLE
WITHIN HERUT--A STRUGGLE WHICH NEARLY RESULTED IN THE OUSTER OF
AVRAHAM SCHECHTERMAN AS CHAIRMAN OF THE HERUT EXECUTIVE.
THE ESSENTIAL QUESTION IS WHETHER EZER WEIZMAN OR ARIK
SHARON WILL INHERIT THE PARTY LEADERSHIP MANTLE FROM BEGIN.
IF WEIZMAN WINS THIS STRUGGLE, THIS WOULD REINFORCE
THE HERUT-LIBERAL TIES, PROVIDED EHRLICH IS ABLE TM MAIN-
TAIN HIS OWN LEAING POSITION AS HEAD OF THE LIBERAL PARTY.
INTERESTINGLY, THE RECENT ARRANGEMENTS BETWEEN EHRLICH
AND THE HISTADRUT HAVE CAUSED FAVORABLE COMMENTS FROM SOME
LABOR PARTY LEADERS WHO ARE LOOKING TOWARDS A POSSIBLE
OPEING TO RETURN TO THE GOVERNMENT FOLLOWING BEGIN.
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